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RUEHNE/AMEMBASSY NEW DELHI 2731
RUEHDO/AMEMBASSY DOHA 1487
RUEHKP/AMCONSUL KARACHI 8807
RUEHLH/AMCONSUL LAHORE 4710
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TAGS: ECON EINV PREL PK

SUBJECT: MOTOROLA AND MOI SIGN 11.8 MILLION DOLLAR CONTRACT

Classified By: Deputy Chief of Mission, Peter W. Bodde, Reasons 1.4 (b), (d)

¶1. (C) SUMMARY: Motorola signed an \$11.8 million dollar contract on January 21 with MOI for implementation of a secure police radio system in five major cities of Pakistan. Motorola will provide training to GOP personnel at a facility that it is building in Lahore as part of a recently signed Wimax deal with Wateen Telecom, a mobile services provider. Motorola hopes that this new deal with MOI will increase its visibility and boost its chances for securing additional GOP communications contracts. The MOI deal, along with the \$72 million Wateen Wimax contract, solidifies Motorola's position in Pakistan. Motorola was very grateful for continued Embassy support and advocacy, which it believes was key to winning this contract.
End summary.

¶2. (C) Econoff met with Motorola's country manager, Nadeem Safdar, on January 30. He confirmed that Motorola signed a contract on January 21 with the Ministry of Interior for the deployment of their TETRA product (TERrestrial TRunked Radio), a nationwide secure radio communications system for law enforcement. The contract is valued at US \$11.8 million, and the project will be completed in three to four months, beginning February 1. Phase I of the project will be launched at 25 police sites in Islamabad-Rawalpindi, Lahore, Karachi, Peshawar and Quetta. Motorola is beginning negotiations on Phases II and III of the project which are worth US \$12-13 million each. Safdar told us previously that the project had run into snags due to numerous amendments to the contract draft submitted by lower-ranking officers of the Inter Services Intelligence (ISI). He clarified that the ISI had been brought into the contract negotiations because they had the technical experience to be able to evaluate both the requirements and Motorola's proposed solutions.

¶3. (C) The GOP asked Motorola to provide training for local engineers. In response, Motorola took advantage of a recently signed US \$72 million contract with Wateen Telecom for the deployment of Wimax in Pakistan, in which Motorola agreed to set up a training facility in Lahore. Motorola will provide training to the GOP police communications engineers at the same facility. Motorola hopes to use the newly signed contract with MOI to boost its chances to win future GOP communications contracts. Safdar said he hopes to work with other GOP agencies, offering secure communications as well as border surveillance systems.

¶4. (C) Safdar expressed his concern over Pakistan's law and order situation. He noted a January 24 Dawn newspaper article reporting that Nokia-Siemens had received a "threatening" letter from the Taliban. He also said that about one month ago, some of Nokia's engineers were kidnapped in North Waziristan. The engineers were

released, but Motorola employees have been asked to keep a low profile when traveling to northern areas. Safdar admitted to Econoff that the security situation in this region has caused tension with some of their clients, as Motorola tries to strike a balance between customer service and security for its personnel. Increased security has also raised costs for Motorola because they have begun using the services of local security consultants in the northern areas.

15. (C) COMMENT: The signing of this deal is a big success story for Motorola in Pakistan. Motorola thanked Ambassador, DCM, FCS and Economic section staff for the advocacy work on this project, which it believes was key to winning the contract. They hope to expand Motorola's brand visibility, win more business from the GOP, and further demonstrate the market potential that exists for telecoms in Pakistan. The two recently signed contracts solidify its position in Pakistan, which it sees as a growth market. The building of a training facility in Lahore is further evidence of Motorola's commitment to Pakistan. End comment.

PATTERSON